

# **EXHIBIT 7**

Young, Steven J.

May 13, 2009

Chicago, IL

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UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MASSACHUSETTS

IN RE: PHARMACEUTICAL )  
INDUSTRY AVERAGE ) MDL No. 1456  
WHOLESALE PRICE LITIGATION ) Master File No.  
\_\_\_\_\_ ) 01-CV-12257-PBS  
THIS DOCUMENT RELATES TO: ) Subcategory No.  
\_\_\_\_\_ ) 06-CV-11337-PBS  
United States of America, )  
ex rel. Ven-A-Care of the )  
Florida Keys, Inc., v. )  
Abbott Laboratories, Inc., )  
CIVIL ACTION NO. )  
06-11337-PBS )

VOLUME I of II

The video taped deposition of STEVEN J.  
YOUNG, called by the United States for  
examination, pursuant to subpoena and pursuant to  
the Federal Rules of Civil Procedure for the

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<p>1 that I've done for Par have gotten into pretty 2 specific detail as to the whole process of sales 3 and distribution and contracting related to the 4 pharmaceutical or generics within the 5 pharmaceutical industry involved, you know, 6 discussions with the client, things of that 7 nature.</p> <p>8 I think those are two of the bigger areas, 9 but kind of more globally, you know, they're 10 back -- my career really started, I did a couple 11 years of audit, but by probably '85, I started 12 doing government contracts work in general, some 13 of which related to healthcare, which became a 14 bigger percentage over time. But there was a lot 15 of work that I've done historically related to 16 analyzing sales, pricing, discount, rebate, 17 catalog price information for all sorts of 18 industries related to the Federal Supply Schedule 19 GSA and the Federal Supply Schedule and associated 20 with those, a lot of stuff that I had to kind of 21 do on the claims processing side and on the -- the 22 pharmaceutical side.</p>	<p>1 preparing the proposal for the bid.</p> <p>2 There may be more, but I think those are 3 the -- kind of the bigger areas that are 4 summarized in my CV.</p> <p>5 Q. Those are the areas where you're acting as 6 an expert in connection with the report in this 7 case?</p> <p>8 A. Those are the past experiences that 9 bear -- that -- that give me experience that is 10 helpful in reaching some of the opinions in this 11 case, yes.</p> <p>12 Q. So when you are at a cocktail party and 13 somebody asks you what you do, what do you tell 14 them?</p> <p>15 A. I do healthcare consulting.</p> <p>16 Q. And not -- the -- the accountant 17 background is really not something you brought too 18 bear in this case, is it?</p> <p>19 A. No. I mean the reason why -- obviously, 20 the reason why I've had all those experiences is 21 everything that we do. I shouldn't say 22 "everything."</p>
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<p>1 Since I was a CPA, a lot of what I did was 2 to calculate historic issues with either 3 noncompliance with federal contracting, you know, 4 either most favored customer pricing or cost-based 5 contracting principles or helping attorneys 6 through that process or on the reverse side, when 7 there was a change order quantifying how much more 8 the company should be paid because of that change 9 order.</p> <p>10 And then also, that kind of evolved into 11 then the health plan related proposal preparation 12 work that you may have seen in my CV that relates 13 to understanding the Tri-Care program and working 14 with Medicare contractors, more on their 15 government contract side, understanding how their 16 operations work, understanding their medical 17 management programs, helping them quantify the 18 cost estimates for that, go through head count 19 reduction, determinations for their competitive 20 bidding process and really becoming kind of 21 intimate with their operations, to be able to 22 do -- to help them through the process of -- of</p>	<p>1 Most of what I've done over the course of 2 my career relates to quantification of historic 3 issues or projections of, you know, costs into the 4 future. So most everything I do relates to 5 financial data, accounting analyses of the various 6 accounting records that are maintained related -- 7 whether it's health plan reimbursement, whether 8 it's drug sales and distribution, whether it's, 9 you know, most favored customer pricing under the 10 GSA schedule, it all is basically kind of that 11 accounting side of things that -- that I look at. 12 I don't look at -- I don't do technical proposals 13 for healthcare. I don't tell people how to do 14 medical management. I help quantify the 15 implications of medical management, for example.</p> <p>16 Q. The -- your formal education background is 17 that you have a bachelor's degree in accounting; 18 right?</p> <p>19 A. That's correct.</p> <p>20 Q. From -- from Northern Illinois University?</p> <p>21 A. That's correct.</p> <p>22 Q. And you don't have any other degrees;</p>

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<p>1 right?</p> <p>2 A. No.</p> <p>3 Q. Have you -- sorry. Let me start over. We</p> <p>4 have one minute left, so I'll keep this as a short</p> <p>5 question.</p> <p>6 A. Okay.</p> <p>7 Q. Have you taken any other formal</p> <p>8 postgraduate courses other than continuing</p> <p>9 professional education?</p> <p>10 A. Other than continuing professional</p> <p>11 education, no.</p> <p>12 Q. Okay. And you are a CPA in the State of</p> <p>13 Illinois?</p> <p>14 A. That's correct.</p> <p>15 Q. And still active?</p> <p>16 A. That's correct.</p> <p>17 Q. In good standing?</p> <p>18 A. Yes.</p> <p>19 MR. LAVINE: We are down to a minute so I</p> <p>20 might as well stop.</p> <p>21 THE VIDEOGRAPHER: Going off the record at</p> <p>22 12:32 p.m.</p>	<p>1 reviewed by Mr. Young in preparation for his</p> <p>2 deposition.</p> <p>3 MR. LAVINE: And, of course, I have not</p> <p>4 reviewed what you produced. We'll just deal with</p> <p>5 it separately afterwards. You know, of course, we</p> <p>6 don't waive any -- any of our positions we might</p> <p>7 want to take in that respect.</p> <p>8 BY MR. LAVINE:</p> <p>9 Q. I think we left off squeezing in some</p> <p>10 questions about you are currently a CPA in the</p> <p>11 State of Illinois in good standing, that's</p> <p>12 correct; right?</p> <p>13 A. That's correct.</p> <p>14 Q. Okay. Are you Certified -- are you a</p> <p>15 Certified Fraud Examiner?</p> <p>16 A. No, I am not.</p> <p>17 Q. Have you ever taken any courses in</p> <p>18 economics?</p> <p>19 A. Other than my undergraduate degree, no.</p> <p>20 Q. And do you have any degree in economics or</p> <p>21 econometrics?</p> <p>22 A. No.</p>
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<p>1 (Whereupon a recess was had.)</p> <p>2 THE VIDEOGRAPHER: Beginning videotape</p> <p>3 number four. We're back on the record at</p> <p>4 1:37 p.m.</p> <p>5 MR. LAVINE: David, do you want to just</p> <p>6 quickly clarify that you --</p> <p>7 MR. TORBORG: Sure.</p> <p>8 MR. LAVINE: -- provided amended</p> <p>9 objections?</p> <p>10 MR. TORBORG: Yeah.</p> <p>11 During the lunch break, we had discovered</p> <p>12 there were a couple of things that were not on the</p> <p>13 consideration list -- not consideration list -- in</p> <p>14 the bullet point list of the objections and</p> <p>15 responses to the latest subpoena that were not on</p> <p>16 the list that we needed to add because he did</p> <p>17 review them, and then there were a couple of</p> <p>18 things that -- that were not considered by him</p> <p>19 that were on the list. So I orally conveyed the</p> <p>20 changes to Mr. Lavine and have served upon him by</p> <p>21 hand an amended objections and responses as well</p> <p>22 as provided him copies of documents that were</p>	<p>1 Q. And am I right the only publication that</p> <p>2 you've played a role in as an author, you're a</p> <p>3 coauthor with three other folks on an article</p> <p>4 regarding Medicare as a secondary payer?</p> <p>5 A. That's correct.</p> <p>6 Q. But no other publications besides that?</p> <p>7 A. No.</p> <p>8 Q. What is Chris Rohn's educational</p> <p>9 background?</p> <p>10 A. I don't know his undergraduate degree for</p> <p>11 certain, but he has an undergraduate degree from</p> <p>12 University of Indiana and an MBA from</p> <p>13 Northwestern.</p> <p>14 Q. And would I be correct that you're not --</p> <p>15 you would not be familiar with any postgraduate</p> <p>16 courses or education he's taken or other</p> <p>17 publications he's --</p> <p>18 A. Other than the MBA that I mentioned, no.</p> <p>19 Q. Is -- is there any other thing that you</p> <p>20 can describe regarding Mr. Rohn's background that</p> <p>21 informed or supported the expertise he was</p> <p>22 utilizing and the support he provided you in</p>

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1 that I've ever seen, extrapolation occurs and is  
 2 accepted based on my past experience only when  
 3 it's an entire population with a randomly selected  
 4 sample. That's the normal methodology that I've  
 5 seen used in my experience.  
 6 Q. So you don't actually have any experience  
 7 with the approach taken by Dr. Duggan?  
 8 THE REPORTER: Sorry. I didn't hear after  
 9 "actually." You said "actually."  
 10 BY MR. LAVINE:  
 11 Q. You don't have actually have any  
 12 experience with the method utilized by Dr. Duggan.  
 13 MR. TORBORG: Object to form.  
 14 THE WITNESS: That's right. Of the  
 15 probably two-dozen calculations I've seen one way  
 16 or another, I've never seen anyone do it like  
 17 Dr. Duggan has done.  
 18 BY MR. LAVINE:  
 19 Q. But you're not an economist; right?  
 20 A. That's correct.  
 21 Q. But there are Ph.D. economists that were  
 22 retained by Huron Consulting, right, that -- that

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1 were employed by Huron?  
 2 A. There are economists that work for Huron,  
 3 at least I believe there are still economists that  
 4 work for Huron, that's correct.  
 5 Q. And you're not a statistical expert;  
 6 right?  
 7 A. No. I apply statistics, as most CPAs do  
 8 in -- in the normal course of my work.  
 9 Q. And although you disagree with the  
 10 extrapolation that was performed in this case for  
 11 various reasons, you didn't actually perform any  
 12 quantitative analysis to evaluate the scope of the  
 13 error you contend was caused thereby?  
 14 A. I was asked to critique his analysis, and  
 15 his analysis did not take it to the stage that  
 16 there could be quantitative critiques made of --  
 17 since he didn't, he chose to ignore all of the  
 18 issues in his calculation, it was possible to do  
 19 quantitative -- it was not possible for me to do  
 20 quantitative calculations of the impact of those,  
 21 no.  
 22 Q. Well, when you say that the variability of

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1 the claims in the ten states is different than the  
 2 variability of the claims in the 38 states, you're  
 3 saying there's no way to quantify that variability  
 4 and why it's too different to extrapolate?  
 5 A. The -- again, the normal approach in these  
 6 situations would be to get the full claims data  
 7 set, draw a statistically valid random sample,  
 8 come up with a point estimate and a range within  
 9 which that point estimate applied.  
 10 I did not have the claims data sets  
 11 necessary to perform that approach or to analyze  
 12 that claims data in relationship to the claims  
 13 data that he looked at to do any type of  
 14 quantification.  
 15 I wasn't asked to do that. The Myers &  
 16 Stauffer summary combined with some of the  
 17 information that was included on your list from  
 18 yesterday demonstrates that there's not  
 19 homogeneity between the populations, and I believe  
 20 that that's adequate to reach the conclusion that  
 21 he hasn't properly -- given the fact that he's  
 22 deviated from the -- the normal way that I've ever

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1 seen this calculation done supports my conclusion.  
 2 Q. Yeah. Because Abbott only hired you to do  
 3 the critique and not to actually quantify the  
 4 scope of the error, you didn't actually do  
 5 anything to quantify the scope of the error;  
 6 right?  
 7 MR. TORBORG: Object to form.  
 8 THE WITNESS: I was not asked to do that,  
 9 no.  
 10 BY MR. LAVINE:  
 11 Q. Okay. So what is the methodology that you  
 12 say that Dr. Duggan failed to follow when he based  
 13 his extrapolation on data related to ten states?  
 14 MR. TORBORG: Object to form.  
 15 THE WITNESS: Could you repeat that  
 16 question?  
 17 BY MR. LAVINE:  
 18 Q. What -- what is the principle or standard  
 19 that you say Dr. Duggan failed to meet when he  
 20 based his extrapolation on a sample of ten states?  
 21 A. Based on my past experience in performing  
 22 overcalculation and undercalculation -- or

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